

***ELBERT COUNTY,
COLORADO***

**FINANCIAL STATEMENTS
December 31, 2002**

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BONDI & Co. LLP

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**Board of County Commissioners
Elbert County, Colorado**

Independent Auditors' Report

We have audited the accompanying general-purpose financial statements of Elbert County, Colorado, as of and for the year ended December 31, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of Elbert County Colorado's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of the Emergency Telephone Service Authority, a component unit of Elbert County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Elbert County, Colorado, as of December 31, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

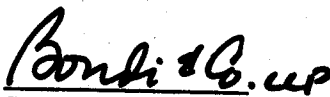


**Board of County Commissioners
Elbert County, Colorado**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2002, on our consideration of Elbert County, Colorado's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of Elbert County, Colorado, taken as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the combining, individual fund, and accompanying financial information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of Elbert County, Colorado. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

August 15, 2003


BONDI & Co. LLP

GENERAL PURPOSE FINANCIAL STATEMENTS

ELBERT COUNTY, COLORADO
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS
December 31, 2002
(With comparative totals for December 31, 2001)

	Governmental Fund Types				Fiduciary Fund Types
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency
ASSETS AND OTHER DEBITS					
Cash with Treasurer	\$ 806,675	\$ 2,437,022	\$ 26,874	\$ 157,299	\$ 1,823,642
Investments	-	-	-	-	-
Accounts receivable	22,753	79,207	-	-	-
User fees receivable	-	-	-	-	-
Property taxes receivable	2,667,086	3,139,090	-	-	-
Inventory of supplies	16,228	282,174	-	-	-
Other assets	-	-	-	-	-
Property and equipment	-	-	-	-	-
Amount Available in the Debt Service Fund	-	-	-	-	-
Amount to be provided for payment of general long-term debt	-	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	<u>3,512,742</u>	<u>5,937,493</u>	<u>26,874</u>	<u>157,299</u>	<u>1,823,642</u>
LIABILITIES AND EQUITY					
LIABILITIES					
Warrants payable	99,483	563,564	-	-	-
Accounts payable	681,510	323,754	-	-	26,402
Due to other governments	-	-	-	-	849,049
Other liabilities	-	-	-	-	73,497
Escrow deposits held by public trustee	-	-	-	-	103,460
Deferred property tax revenue	2,667,086	3,139,090	-	-	-
Other deferred revenue	-	22,122	-	-	-
Compensated absences	-	-	-	-	-
Capital lease obligations	-	-	-	-	-
Special assessment debt	-	-	-	-	-
Total liabilities	<u>3,448,079</u>	<u>4,048,530</u>	<u>-</u>	<u>-</u>	<u>1,052,408</u>
EQUITY					
Investment in general fixed assets	-	-	-	-	-
Fund balance					
Reserved	-	967,561	26,874	157,299	-
Unreserved					
Designated for subsequent year's expenditures	64,663	343,560	-	-	197,000
Designated for facilities	-	577,842	-	-	574,234
Undesignated	-	-	-	-	-
Total equity	<u>64,663</u>	<u>1,888,963</u>	<u>26,874</u>	<u>157,299</u>	<u>771,234</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 3,512,742</u>	<u>\$ 5,937,493</u>	<u>\$ 26,874</u>	<u>\$ 157,299</u>	<u>\$ 1,823,642</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

Account Groups		Totals (Memorandum Only)	Component Units	Totals (Memorandum Only)		
General Fixed Assets	General Long-Term Debt	Primary Government 2002	Emergency Telephone Service Authority	Reporting Entity 2002	Primary Government 2001	Reporting Entity 2001
\$ -	\$ -	\$ 5,251,512	\$ 30,280	\$ 5,281,792	\$ 6,208,097	\$ 6,429,286
-	-	-	228,878	228,878	-	212,176
-	-	101,960	-	101,960	125,350	125,350
-	-	-	22,384	22,384	-	17,764
-	-	5,806,176	-	5,806,176	5,936,995	6,388,805
-	-	298,402	-	298,402	294,307	294,307
-	-	-	-	-	-	1,437
10,812,411	-	10,812,411	64,989	10,877,400	10,740,816	11,545,485
-	26,874	26,874	-	26,874	-	-
-	1,282,723	1,282,723	-	1,282,723	2,200,058	2,205,402
<u>10,812,411</u>	<u>1,309,597</u>	<u>23,580,058</u>	<u>346,531</u>	<u>23,926,589</u>	<u>25,505,623</u>	<u>27,220,012</u>
-	-	663,047	-	663,047	683,400	683,400
-	-	1,031,666	3,103	1,034,769	257,677	264,254
-	-	849,049	-	849,049	719,037	719,929
-	-	73,497	-	73,497	69,121	69,121
-	-	103,460	-	103,460	80,047	80,047
-	-	5,806,176	-	5,806,176	5,936,995	6,381,155
-	-	22,122	-	22,122	17,926	17,926
-	202,974	202,974	-	202,974	162,919	168,263
-	733,551	733,551	-	733,551	1,822,139	1,822,139
-	373,072	373,072	-	373,072	215,000	215,000
-	1,309,597	9,858,614	3,103	9,861,717	9,964,261	10,421,234
10,812,411	-	10,812,411	64,989	10,877,400	10,740,816	11,545,485
-	-	1,151,734	-	1,151,734	1,475,355	1,491,855
-	-	605,223	-	605,223	1,496,805	1,724,585
-	-	-	87,704	87,704	-	-
-	-	1,152,076	190,735	1,342,811	1,828,386	2,036,853
<u>10,812,411</u>	<u>-</u>	<u>13,721,444</u>	<u>343,428</u>	<u>14,064,872</u>	<u>15,541,362</u>	<u>16,798,778</u>
<u>\$ 10,812,411</u>	<u>\$ 1,309,597</u>	<u>\$ 23,580,058</u>	<u>\$ 346,531</u>	<u>\$ 23,926,589</u>	<u>\$ 25,505,623</u>	<u>\$ 27,220,012</u>

ELBERT COUNTY, COLORADO
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - ALL GOVERNMENTAL FUND TYPES AND
EXPENDABLE TRUST FUNDS AND DISCRETELY PRESENTED COMPONENT UNITS
Year Ended December 31, 2002
(With comparative totals for year ended December 31, 2001)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
REVENUE				
Taxes	\$ 3,058,961	\$ 3,678,634	\$ -	\$ 357,740
Licenses and permits	647,331	-	-	-
Intergovernmental	200,240	2,853,015	-	-
Charges for services	1,083,769	-	-	-
Net investment income	163,684	9,235	-	-
Miscellaneous	76,665	155,786	43,241	49,151
Total revenue	<u>5,230,650</u>	<u>6,696,670</u>	<u>43,241</u>	<u>406,891</u>
EXPENDITURES				
Current				
General government	3,949,346	164,863	18,012	-
Public safety	2,517,675	-	-	-
Public works	-	5,890,047	-	416,125
Public health and welfare	288,263	577,022	-	-
Culture and recreation	124,654	-	-	-
Auxiliary services	83,832	-	-	-
Debt service	-	-	29,000	615,726
Total expenditures	<u>6,963,770</u>	<u>6,631,932</u>	<u>47,012</u>	<u>1,031,851</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(1,733,120)</u>	<u>64,738</u>	<u>(3,771)</u>	<u>(624,960)</u>
OTHER FINANCING SOURCES (USES)				
Capital leases	-	46,595	-	-
Bond proceeds	-	-	-	175,000
Bond issuance costs	-	-	-	(23,001)
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>46,595</u>	<u>-</u>	<u>151,999</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(1,733,120)</u>	<u>111,333</u>	<u>(3,771)</u>	<u>(472,961)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,797,783</u>	<u>1,777,630</u>	<u>30,645</u>	<u>630,260</u>
FUND BALANCE - END OF YEAR	<u>\$ 64,663</u>	<u>\$ 1,888,963</u>	<u>\$ 26,874</u>	<u>\$ 157,299</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

Fiduciary Fund Type	Totals (Memorandum Only)	Component Units	Totals (Memorandum Only)		
	Primary Government 2002	Emergency Telephone Service Authority	Reporting Entity 2002	Primary Government 2001	Reporting Entity 2001
Expendable Trust					
\$ -	\$ 7,095,335	\$ -	\$ 7,095,335	\$ 6,005,451	\$ 6,516,851
-	647,331	-	647,331	952,700	952,700
-	3,053,255	-	3,053,255	2,832,041	2,862,461
216,883	1,300,652	154,703	1,455,355	1,175,063	1,297,419
-	172,919	3,304	176,223	306,950	318,669
-	324,843	-	324,843	253,425	253,460
216,883	12,594,335	158,007	12,752,342	11,525,630	12,201,560
-	4,132,221	-	4,132,221	3,454,354	3,454,354
-	2,517,675	107,348	2,625,023	1,759,316	1,815,731
40,522	6,346,694	-	6,346,694	4,532,065	4,532,065
-	865,285	-	865,285	789,528	789,528
-	124,654	-	124,654	128,168	452,908
-	83,832	-	83,832	97,973	97,973
-	644,726	-	644,726	740,745	740,745
40,522	14,715,087	107,348	14,822,435	11,502,149	11,883,304
176,361	(2,120,752)	50,659	(2,070,093)	23,481	318,256
-	46,595	-	46,595	32,490	32,490
-	175,000	-	175,000	215,000	215,000
-	(23,001)	-	(23,001)	(45,229)	(45,229)
-	-	-	-	207,790	207,790
-	-	-	-	(207,790)	(207,790)
-	198,594	-	198,594	202,261	202,261
176,361	(1,922,158)	50,659	(1,871,499)	225,742	520,517
594,873	4,831,191	227,780	5,058,971	4,574,804	4,732,776
\$ 771,234	\$ 2,909,033	\$ 278,439	\$ 3,187,472	\$ 4,800,546	\$ 5,253,293

ELBERT COUNTY, COLORADO
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
Year Ended December 31, 2002
(With comparative totals for year ended December 31, 2001)

	Governmental Fund Types		
	General Fund		Variance- Favorable (Unfavorable)
	Budget	Actual	
REVENUE			
Taxes	\$ 3,144,586	\$ 3,058,961	\$ (85,625)
Licenses and permits	738,600	647,331	(91,269)
Intergovernmental	215,554	200,240	(15,314)
Charges for service	1,138,460	1,083,769	(54,691)
Net investment income	200,500	163,684	(36,816)
Miscellaneous	20,000	76,665	56,665
Total revenue	<u>5,457,700</u>	<u>5,230,650</u>	<u>(227,050)</u>
EXPENDITURES			
Current			
General government	3,714,368	3,949,346	(234,978)
Public safety	2,096,894	2,517,675	(420,781)
Public works	-	-	-
Public health and welfare	328,031	288,263	39,768
Culture and recreation	129,586	124,654	4,932
Auxiliary services	99,407	83,832	15,575
Debt service	-	-	-
Total expenditures	<u>6,368,286</u>	<u>6,963,770</u>	<u>(595,484)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(910,586)</u>	<u>(1,733,120)</u>	<u>(822,534)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Bond issuance costs	-	-	-
Capital leases	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(910,586)</u>	<u>(1,733,120)</u>	<u>(822,534)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,797,783</u>	<u>1,797,783</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 887,197</u>	<u>\$ 64,663</u>	<u>\$ (822,534)</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

Governmental Fund Types

Special Revenue Funds			Debt Service Funds		
Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
\$ 3,452,961	\$ 3,678,634	\$ 225,673	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,997,138	2,853,015	(144,123)	-	-	-
-	-	-	-	-	-
-	9,235	9,235	-	-	-
125,950	155,786	29,836	-	43,241	43,241
<u>6,576,049</u>	<u>6,696,670</u>	<u>120,621</u>	<u>-</u>	<u>43,241</u>	<u>43,241</u>
140,000	164,863	(24,863)	-	18,012	(18,012)
-	-	-	-	-	-
6,051,645	5,890,047	161,598	-	-	-
518,000	577,022	(59,022)	-	-	-
100,000	-	100,000	-	-	-
-	-	-	-	-	-
-	-	-	-	29,000	(29,000)
<u>6,809,645</u>	<u>6,631,932</u>	<u>177,713</u>	<u>-</u>	<u>47,012</u>	<u>(47,012)</u>
<u>(233,596)</u>	<u>64,738</u>	<u>298,334</u>	<u>-</u>	<u>(3,771)</u>	<u>(3,771)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	46,595	46,595	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>46,595</u>	<u>46,595</u>	<u>-</u>	<u>-</u>	<u>-</u>
(233,596)	111,333	344,929	-	(3,771)	(3,771)
1,777,630	1,777,630	-	-	30,645	-
<u>\$ 1,544,034</u>	<u>\$ 1,888,963</u>	<u>\$ 344,929</u>	<u>\$ -</u>	<u>\$ 26,874</u>	<u>\$ (3,771)</u>

ELBERT COUNTY, COLORADO
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
Year Ended December 31, 2001
(with comparative totals for year ended December 31, 2000)
(Continued)

	Governmental Fund Types		
	Capital Projects Funds		Variance-
	Budget	Actual	Favorable
			(Unfavorable)
REVENUE			
Taxes	\$ -	\$ 357,740	\$ 357,740
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Charges for service	-	-	-
Net investment income	-	-	-
Miscellaneous	-	49,151	49,151
Total revenue	-	406,891	406,891
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	188,336	416,125	(227,789)
Public health and welfare	-	-	-
Culture and recreation	-	-	-
Auxiliary services	-	-	-
Debt service	-	615,726	(615,726)
Total expenditures	188,336	1,031,851	(843,515)
EXCESS (DEFICIENCY) OF REVENUE			
OVER EXPENDITURES	(188,336)	(624,960)	(436,624)
OTHER FINANCING SOURCES (USES)			
Bond proceeds	207,336	175,000	(32,336)
Bond issuance costs	(19,000)	(23,001)	(4,001)
Capital leases	-	-	-
Transfers (out)	-	-	-
Total other financing sources(uses)	188,336	151,999	(36,337)
EXCESS (DEFICIENCY) OF REVENUE OVER			
EXPENDITURES AND OTHER FINANCING			
SOURCES (USES)	-	(472,961)	(472,961)
FUND BALANCE - BEGINNING OF YEAR	630,260	630,260	-
FUND BALANCE - END OF YEAR	\$ 630,260	\$ 157,299	\$ (472,961)

These financial statements should be read only in connection with
the accompanying notes to financial statements.

Fiduciary Fund Types			Totals		
Expendable Trust Fund			(Memorandum Only)		
Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 6,597,547	\$ 7,095,335	\$ 497,788
-	-	-	738,600	647,331	(91,269)
-	-	-	3,212,692	3,053,255	(159,437)
139,799	216,883	77,084	1,278,259	1,300,652	22,393
-	-	-	200,500	172,919	(27,581)
-	-	-	145,950	324,843	178,893
139,799	216,883	77,084	12,173,548	12,594,335	420,787
-	-	-	3,854,368	4,132,221	(277,853)
-	-	-	2,096,894	2,517,675	(420,781)
195,799	40,522	155,277	6,435,780	6,346,694	89,086
-	-	-	846,031	865,285	(19,254)
-	-	-	229,586	124,654	104,932
-	-	-	99,407	83,832	15,575
-	-	-	-	644,726	(644,726)
195,799	40,522	155,277	13,562,066	14,715,087	(1,153,021)
(56,000)	176,361	232,361	(1,388,518)	(2,120,752)	(732,234)
-	-	-	207,336	175,000	(32,336)
-	-	-	(19,000)	(23,001)	(4,001)
-	-	-	-	46,595	46,595
(200,000)	-	200,000	(200,000)	-	200,000
(200,000)	-	200,000	(11,664)	198,594	210,258
(256,000)	176,361	432,361	(1,400,182)	(1,922,158)	(521,976)
594,873	594,873	-	4,800,546	4,831,191	-
\$ 338,873	\$ 771,234	\$ 432,361	\$ 3,400,364	\$ 2,909,033	\$ (521,976)

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Elbert County, Colorado is governed by a Board of County Commissioners. The Board consists of three elected members. The County provides the following services: public safety (including the activity of the Sheriff's Contraband account), health and welfare, construction and maintenance of roads and bridges and general administrative services.

Reporting Entity

The County follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

As required by generally accepted accounting principles (GAAP), these financial statements present the County (the primary government) and its component units. The first component unit, the Elbert County Emergency Telephone Service Authority (Authority) is discretely reported in a separate column to emphasize that they are legally separate from the County. The second component unit, the Chaparral Valley Improvement District 2 is a blended component unit. Both component units have a December 31 year end.

The County had several entity changes during the twelve months ended December 31, 2003. This is the first year the Chaparral Valley Improvement District 2 is blended into these financial statements. In previous years the Library District has been a component unit of the County. In addition, for the year ended December 31, 2002, the Amanda Pines Bond fund is reported as a debt service fund. In previous years, this fund was reported as part of the Treasurer's assets and liabilities.

The Authority was established April 27, 1989 and reconstituted April 14, 1992 by an Intergovernmental Agreement between the County of Elbert; Towns of Simla, Kiowa, Elbert and Elizabeth; Kiowa, Elbert, Elizabeth, Tri-County, Rattlesnake, Deer Trail and Calhan Fire Protection Districts. The Authority was established pursuant to State Statute Article 11 of Title 29. The purpose of the Authority is to provide central emergency telephone services to residents within the service area in Elbert County. The Authority is included in the County's financial statements because the Elbert County Board of Commissioners appoints all of the board members.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Complete financial statements for the Authority may be obtained from the Authority's office at P.O. Box 992, Elizabeth, Colorado 80107.

The District was established on March 20, 2003 by the Board of County Commissioners. The District is included in the County's financial statements because the Elbert County Board of Commissioners acts as the Board of the District. The District does not prepare separate financial statements.

The County is financially accountable for the Elbert County Building Authority. The Elbert County Building Authority had no activity during 2002.

The operations of the 18th Judicial District (including Crime Victim Compensation Boards) is not a part of the financial statements of the County as the County is not financially accountable for the operations of the 18th Judicial District.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles applicable to governments. A summary of the County's significant accounting policies applied in the preparation of these financial statements follows:

Fund Accounting

The accounts of the County are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. Fund types and account groups used by the County are described below.

Governmental Fund Types

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The Debt Service Fund is used to account for the servicing of debt not financed by other funds.

Capital Projects Fund - The Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Fiduciary Funds

Expendable Trust Fund – The Expendable Trust Fund is accounted for in essentially the same manner as governmental fund types, using the same measurement focus and basis of accounting. The expendable trust fund accounts for assets held by the County in a trustee capacity where principal and income may be spent.

Agency Funds – Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency Funds are accounted for on the modified accrual basis of accounting. The funds are used to account for assets held by the County as an agent for other governmental units.

Account Groups

General Fixed Assets Account Group - This group of accounts is established to account for recorded fixed assets of the County.

General Long-Term Obligation Account Group - This group of accounts is established to account for all long-term obligations, including claim liabilities, of the County.

Basis of Accounting

The modified accrual basis of accounting is followed in the governmental fund types and expendable trust and agency funds. Revenue is recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The major source of revenue which is susceptible to accrual is property taxes. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation paid.

Budgets

In accordance with the State Budget Law, the County Commissioners hold public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The County Commissioners can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. For budgetary purposes, the County did not budget or appropriate for entering into capital lease transactions, as entering into a capital lease transaction does not provide for or use financial resources. The payments required under the capital lease agreements are included in the appropriations resolution.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Budgets (Continued)

Encumbrance accounting (open purchase orders, contracts in process and other commitments for the expenditures of funds in future periods) is not used by the County for budget or financial reporting purposes.

For financial statement presentation purposes, certain expenditures have been netted against revenue. The amended appropriation reported above has also been reduced by expenditures netted against revenue.

The County incurred expenditures in excess of appropriation for the year ended December 31, 2002 in the General Fund in the amount of \$595,484, the Retirement Fund in the amount of \$24,863 the Social Services Fund in the amount of \$59,022, and the Capital Improvements Fund in the amount of \$625,214 which may be in violation of the Local Government Budget Law.

Cash and Net Investment Income

Except for cash held by third parties (cash and investments with trustee), all cash is deposited with the County Treasurer. When funds are received, the accounts of the fund receiving the money are credited. When expenditures are made, the cash with Treasurer is reduced and the expenditures recorded. The Treasurer invests the funds to achieve the best possible return on the investment. All funds record cash and investments as cash with County Treasurer. Net investment income is allocated to the General Fund and Road and Bridge Fund in accordance with statutory requirements.

Inventories

Inventories of supplies held for consumption by the Road and Bridge Fund are valued at average cost. The cost of inventory is recorded as an expenditure at the time individual inventory items are used. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of assets.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Property and Equipment

Property and equipment are stated at historical cost or estimated historical cost, if actual cost is unknown. Contributed assets are stated at estimated fair value at the date of contribution. No depreciation is provided on general fixed assets.

Public domain or infrastructure fixed assets such as roads, bridges, curbs and gutters, street and sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the County are not capitalized.

Property Taxes

Property taxes are levied by the County Commissioners. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to put a tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June.

Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred revenue in the year they are levied and measurable. The deferred property tax revenue are recorded as revenue in the year they are available or collected.

Compensated Absences

The County has a policy which allows employees to accumulate unused vacation benefits up to certain maximum hours. Compensated absences are recognized as current salary costs when paid, as none of the accrued vacation benefits would normally be liquidated with expendable available financial resources. A long-term liability has been recorded in the General Long-Term Debt Account Group representing the County's commitment to fund such costs from future operations of the governmental fund types.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)

Fund Balance

The fund balances have been reserved for that portion of the fund balance that is legally segregated or is not subject to future appropriation. Designations of unreserved fund balance indicate the Commissioner's intent for future utilization of such funds and are subject to change by the Commissioners.

Reserved Fund Balance

Individual reserves by fund at December 31, 2002 are as follows:

Primary government:

Special Revenue Funds	
Road and Bridge Fund	
Reserved for inventory	\$ 282,174
Contingency Fund	
Reserved for emergencies under TABOR (see Note 11)	323,880
Conservation Trust Fund	
Reserved for future projects	<u>361,507</u>
Total Special Revenue Funds	<u>967,561</u>
Debt Service Fund	
Reserved for debt service	<u>26,874</u>
Capital Projects Fund	
Reserved for capital expenditures	<u>157,299</u>
Total Capital Projects Fund	<u>157,299</u>
Total Reservations of Fund Balances	<u>\$1,151,734</u>

An amount of the fund balance equal to the reported inventory is reserved to indicate that the inventory does not constitute spendable resources even though the inventory is a component of net assets.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Article X, Section 20 of the Constitution of the State of Colorado requires the County to establish Emergency Reserves (see Note 11). Fund balance of \$323,880 has been reserved in compliance with this requirement.

The reserved balance for Conservation Trust Fund is for the net unspent proceeds received from the State Lottery under the State's Conservation Trust Fund regulations.

The fund balance reserved for capital expenditures represents reserves for future capital expenditures.

Designated Fund Balance

The amount classified as "designated for subsequent year's expenditures" at December 31, 2002, represents the amount appropriated for use in the budget for the year ending December 31, 2003.

Totals (Memorandum Only)

Total columns on the combined statements are captioned "(Memorandum Only)" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - CASH AND INVESTMENTS

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The State Regulatory Commissions for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

At December 31, 2002, the County's cash deposits had a bank balance and a carrying balance as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Cash on hand	\$ N/A	\$ 39,780
Insured deposits	200,000	155,669
Deposits collateralized in single institution pools	<u>2,325,633</u>	<u>1,498,269</u>
	<u>\$ 2,525,633</u>	<u>\$ 1,693,718</u>

At December 31, 2003, the Authority's bank balance of \$30,280 was entirely insured.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- . Obligations of the United States and certain U.S. government agency securities
- . Certain international agency securities
- . General obligation and revenue bonds of U.S. local government entities
- . Bankers' acceptances of certain banks
- . Commercial paper
- . Written repurchase agreements collateralized by certain authorized securities
- . Certain money market funds
- . Guaranteed investment contracts
- . Local government investment pools

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

The County's investments are recorded at fair value and are categorized below to give an indication of the level of credit risk assumed by the County at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the entity or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the County's name.

Investments in local government investment pools or in money market funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

<u>Category 1</u>	<u>Fair Value</u>
U.S. Treasuries	\$ 1,821,429

Not Subject to Categorization

Colorado Local Government Liquid Asset Trust – PRIME	1,583,509
Government Asset Pool	141,591
Mutual Funds which invest in U.S. Government securities	<u>11,265</u>
Total Investments	<u>\$ 3,557,794</u>

The Colorado Local Government Liquid Asset Trust (PRIME) (the Trust) and the Government Asset Pool (GAP) are investment vehicles established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust and GAP. The Trust and GAP operate similarly to a money market fund and each share is equal in value to \$1.00. The Trust portfolio - PRIME and GAP may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. GAP may also invest in Government Agency securities and repurchase agreements collateralized by U.S. Government Agency securities. A designated custodial bank serves as custodian for the Trust's and GAP's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's and GAP's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust and GAP.

The Authority had \$228,878 invested in COLOTRUST PRIME as of December 31, 2002.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

As of December 31, 2002, the County had invested \$690 in the Active Assets Money Trust (Trust) managed by Morgan Stanley Dean Witter, and \$10,575 in the First American Funds Government Obligations Fund (Fund) managed by Piper Jaffray. The Trust and the Fund invest primarily in securities that are issued or guaranteed as to payment of principal and interest by the U.S. government, its agencies or instrumentalities and repurchase agreements collateralized by such securities.

Cash deposits and investments for the primary government are reflected on the December 31, 2002 balance sheet as:

Cash with Treasurer	\$ 5,281,792
Investments	<u>228,878</u>
Total Cash and Investments	<u>\$ 5,510,670</u>

NOTE 4 – PROPERTY AND EQUIPMENT

An analysis of the changes in property and equipment for the year ended December 31, 2002 follows:

Primary Government:

<u>By Classification</u>	<u>Balance at January 1, 2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2002</u>
Courthouse, land and buildings	\$ 282,668	\$ -	\$ -	\$ 282,668
General Fund				
Administrative equipment	503,758	-	-	503,758
Administrative building	57,220	-	-	57,220
Treasurer	35,958	-	-	35,958
Clerk	217,623	-	-	217,623
Commissioners	92,252	-	-	92,252
Assessor	281,933	-	-	281,933
District Attorney, land and buildings	221,157	-	-	221,157

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 4 – PROPERTY AND EQUIPMENT (CONTINUED)

<u>By Classification</u>	<u>Balance at January 1, 2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2002</u>
Sheriff and jail	839,115		-	839,115
Emergency Communications equipment	95,781		-	95,781
Judicial Center	1,961,564		-	1,961,564
Nurse	26,140		-	26,140
Environmental Health	206		-	206
Extension office	60,924		-	60,924
Welfare office	9,712	-	-	9,712
Library	-	-	-	-
Culture recreation	8,516	-	-	8,516
Land use - Health Center	30,499	-	-	30,499
Council of Governments	12,645	-	-	12,645
Building inspection	45,294	-	-	45,294
Mapping	5,747	-	-	5,747
Road and Bridge				
Land and buildings	244,047	-	-	244,047
Equipment	5,033,370	71,595		5,104,965
Social services	11,795		-	11,795
Conservation Trust				
Fair building	662,892		-	662,892
	<u>\$ 10,740,816</u>	<u>\$ 71,595</u>	<u>\$ -</u>	<u>\$ 10,812,411</u>

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 4 – PROPERTY AND EQUIPMENT (CONTINUED)

<u>By Source</u>	<u>Balance at January 1, 2002</u>	<u>Transfers/ Additions</u>	<u>Retirements</u>	<u>Balance at December 31, 2002</u>
General Fund	\$ 4,163,915	\$ -	\$ -	\$ 4,163,915
Road and Bridge	5,316,917	71,595		5,388,512
Revenue sharing	23,565	-	-	23,565
Assessor's Fund	5,917	-	-	5,917
Conservation Trust	612,386		-	612,386
Impact Assistance	555,893	-	-	555,893
Social services	8,500	-	-	8,500
Library	-	-		-
Contributed assets	53,723	-	-	53,723
Totals	<u>\$ 10,740,816</u>	<u>\$ 71,595</u>	<u>\$ -</u>	<u>\$ 10,812,411</u>

Component Units:

Emergency Telephone Service Authority	<u>\$ -</u>	<u>\$ 64,989</u>	<u>\$ -</u>	<u>\$ 64,989</u>
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ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 5 – LONG-TERM OBLIGATIONS

The following is an analysis of changes in long-term obligations of the County for the year ended December 31, 2002:

	<u>Compensated Absences</u>	<u>Capital Lease Obligations</u>	<u>Special Assessment Debt</u>	<u>Total</u>
Payable at January 1, 2002	\$ 162,919	\$ 1,822,139	\$ 215,000	\$ 2,200,058
Compensated absences	40,055	-	-	40,055
Lease proceeds	-	46,595	-	46,595
Bond proceeds	-	-	175,000	175,000
Principal payments of lease obligation	-	(1,135,183)	(16,928)	(1,152,111)
Payable at December 31, 2002	<u>\$ 202,974</u>	<u>\$ 733,551</u>	<u>\$ 373,072</u>	<u>\$ 1,309,597</u>

The detail of the County's long-term debt is as follows:

Capital Leases

Assets under capital leases totaled \$1,524,766 at December 31, 2002 as follows:

<u>Assets</u>	<u>General Fixed Assets</u>
Equipment	\$ 1,524,766

On February 15, 2000, the County entered into a capital lease obligation to purchase five truck tractors. The lease is on a quarterly basis, renewable for four consecutive one year periods with quarterly principal and interest payments of \$21,073.56, with interest of 6.30%.

On April 10, 2000, the County entered into a capital lease obligation to purchase a front end loader. The lease is on a quarterly basis, renewable for five consecutive one year periods with quarterly principal and interest payments of \$14,136.62, with interest of 5.25%.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

On May 10, 2000, the County entered into a capital lease obligation to purchase five truck tractors. The lease is on a quarterly basis, renewable for five consecutive one year periods with quarterly principal and interest payments of \$21,073.56, with interest of 6.30%.

On September 10, 2000, the County entered into a capital lease obligation to purchase a motor grader. The lease is on a quarterly basis, renewable for four consecutive one year periods with quarterly principal and interest payments of \$11,441.40, with interest of 5.75%.

On September 20, 2000, the County entered into a capital lease obligation to purchase a motor grader. The lease is on a quarterly basis, renewable for four consecutive one year periods with quarterly principal and interest payments of \$13,003.61, with interest of 5.75%.

On November 28, 2000, the County entered into a capital lease obligation to purchase a dump truck. The lease is on a quarterly basis, renewable for five consecutive one year periods with quarterly principal and interest payments of \$6,167.03, with interest of 5.30%.

On May 25, 2001, the County entered into a capital lease obligation to purchase a wheel loader. This lease is payable semiannually, with principal and interest payments of \$5,810.56, with interest of 5.75%.

On May 25, 2001, the County entered into a capital lease obligation to purchase a Pneumatic Tire Compactor. This lease is payable annually, with principal and interest payments of \$16,790.30, with interest of 4.00%.

The County's long-term obligations, excluding the accrual for compensated absences and special assessment debt, will mature as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 332,842	\$ 29,015	\$ 361,857
2004	312,219	14,705	326,924
2005	88,490	2,316	90,806
Total Principal and Interest	<u>\$ 733,551</u>	<u>\$ 46,036</u>	<u>\$ 779,587</u>

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 5 – LONG-TERM OBLIGATIONS (CONTINUED)

Special Assessment Debt

The Amanda Pines Estates Local Improvement District Special Assessment Bonds are to be serviced by special assessments levied against real property in the County which is specifically benefited by the improvements. The bonds dated July 2001 were issued in the principal amount of \$215,000. Principal and interest, computed at 5.75% per annum, is payable annually on July 1, commencing on July 1, 2002, and maturing July 1, 2011, except if redeemed prior thereof. The bonds shall be subject to prepayment prior to maturity by the County on July 1, 2002, and each July 1, thereafter. The principal amount outstanding at December 31, 2002 was \$198,072.

The Rolling Hills Acres Local Improvement District Special Assessment Bonds are to be serviced by special assessments levied against real property in the County which is specifically benefited by the improvements. The bonds dated April were issued in the principal amount of \$175,000. Principal and interest, computed at 6.125% per annum, is payable annually on July 1, commencing on July 1, 2003, and maturing July 1, 2012, except if redeemed prior thereof. The bonds shall be subject to prepayment prior to maturity by the County on July 1, 2003, and each July 1, thereafter. The principal amount outstanding at December 31, 2002 was \$175,000.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 27,314	\$ 25,398	\$ 52,712
2004	33,335	21,792	55,127
2005	34,417	19,852	54,269
2006	35,563	17,849	53,412
2007	36,776	15,787	52,563
Thereafter	205,667	42,402	248,069
	<u>\$ 373,072</u>	<u>\$ 143,080</u>	<u>\$ 516,152</u>

Line of Credit

During January 2001, the District obtained a \$200,000 revolving line of credit with interest payable at 6.25% per annum. The line was renewed on December 2, 2002 and matures December 2, 2003. The District did not draw on the line during 2002.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 6 - PENSION PLAN

The County has adopted a multiple employer defined contribution pension plan administered by Colorado Counties Officials and Employees Retirement Association (CCOERA) which covers substantially all employees meeting the minimum eligibility requirements of 20 or more hours of work per week and one full year of continuous service. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees must match the employer contributions which may range from 3% to 6% of gross wages less overtime pay. An employee may contribute an additional 10% of eligible compensation after taxes or defer up to the lesser of \$8,500 or 25% of gross wages until retirement. Withdrawal from the Plan may occur only upon retirement, death, disability or termination of employment. Employees vest 100% in personal contributions and 20% for each year of employment in employer contributions. Unvested employer contributions forfeited at termination revert to the County.

Both the County and the employees contributed 4% of eligible gross wages to the Plan during 2002. During the year ended December 31, 2002, participants made additional voluntary contributions. Additionally, certain participants participated in the Voluntary Deferred Compensation Plan during 2002. Information regarding the pension plan contribution is as follows:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Total payroll	\$ 5,264,969	\$ 4,530,585	\$ 4,224,061
Base salary – Eligible	3,779,075	3,329,599	3,110,990
County contribution	151,163	133,184	124,438
Employee contribution	\$ 151,163	\$ 133,184	\$ 124,438

NOTE 7 - DEFERRED COMPENSATION PLAN

The County has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is also administered by CCOERA. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Operating Leases

The County leases equipment under operating leases which expire through 2006. Total rental expense for the year ended December 31, 2002 was \$437,307. The future minimum annual rental commitments under these leases are as follows:

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 8 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases

	Minimum Lease Purchase
Year ending December 31, 2003	\$ 309,180
2004	232,226
2005	129,130
2006	<u>5,919</u>
	<u>\$ 676,455</u>

Litigation

There are lawsuits pending in which the County is involved. County management and its legal counsel estimate that the potential claims, if any, against the County not covered by insurance resulting from such litigation would be insignificant.

NOTE 9 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, thefts of, damage to or destruction of assets; errors or omissions; injuries to employees, or acts of God. The County is one of several counties which are members of the Colorado Counties Casualty and Property Pool and the County Workers' Compensation Pool. The pools are organizations created by intergovernmental agreement. The Colorado Counties Casualty and Property Pool provides general liability, automobile liability, property and auto physical damage to its members. The County Workers' Compensation Pool provides workers' compensation coverage to its members.

The County pays annual contributions to the Pools for its property and casualty insurance and its workers compensation insurance. The County has a \$500 deductible per claim for its property and casualty insurance. The intergovernmental agreements which formed the Pools provides that the Pools will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pools will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 9 - RISK MANAGEMENT (CONTINUED)

Each pool is managed by an independent risk manager/claims administrator who reports to the Pool Board of Directors. Each member's contribution to the respective pool is determined on factors including, but not limited to, the Pool's claim experience, premium costs, cost of administration and other operating expenses, the number of participants, the adequacy of both operating and reserve funds and other factors effecting the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner.

The County's contributions as a percentage of pool revenue are less than 3%.

The Pool's provide the following types of coverage:

	Self-Insured Retentions (Per Occurrence)	Excess Insurance Limits (Per Occurrence)
Liability	\$ 250,000	\$ 2,000,000
Property	150,000	50,000,000
Workers' compensation	\$ 300,000	\$ 2,000,000

Settled claims have not exceeded coverage provided by the Pool in any of the past three fiscal years.

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2002

NOTE 10 - TAX, SPENDING AND DEBT LIMITATIONS (Continued)

The County's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation. Accordingly, the possibility exists that the County's interpretation of certain TABOR provisions may subsequently be determined to be incorrect. This could result in a potential refund of revenue unless voters approve retention of such revenue. The ultimate outcome of these matters cannot presently be determined and no provision for any liability for a refund of revenue has been made in the financial statements.

In November 1996, a majority of the County's electors authorized the County to retain or expend all revenue derived from building and other development related fees, exactions and permits; and revenues, cost reimbursements and grants from other governments during 1996 and each subsequent year without regard to any TABOR limitation or any other law provided, however, that no property tax mill levy shall be increased at any time, nor shall any new tax be imposed, without consent of the voters approving any such increase or new tax.

NOTE 11 - SUBSEQUENT EVENT

During 2003, the County authorized and issued \$505,000 of local improvement district-special assessment bonds for the Chaparral Valley 2 Subdivision.

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS**

ELBERT COUNTY, COLORADO
GENERAL FUND
SCHEDULE OF REVENUE - BUDGET AND ACTUAL
Year Ended December 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
REVENUE			
Taxes			
Property taxes	\$ 2,390,086	\$ 2,406,999	\$ 16,913
Specific ownership taxes	750,000	642,714	(107,286)
Cigarette taxes	4,500	9,248	4,748
Total taxes	<u>3,144,586</u>	<u>3,058,961</u>	<u>(85,625)</u>
Licenses and permits			
Building and zoning fees	737,600	646,506	(91,094)
Liquor licenses	1,000	825	(175)
Total licenses and permits	<u>738,600</u>	<u>647,331</u>	<u>(91,269)</u>
Intergovernmental revenue			
VALE grant	28,663	37,775	9,112
EMC state	37,613	38,543	930
Law enforcement grant	-	15,891	15,891
Environmental health grant	17,500	29,219	11,719
Courthouse grant	120,000	9,000	(111,000)
Growth management grant	10,000	-	(10,000)
Other intergovernmental revenue	1,778	69,812	68,034
Total intergovernmental revenue	<u>215,554</u>	<u>200,240</u>	<u>(15,314)</u>
Charges for services			
Assessor	-	3,339	3,339
Sheriff	24,500	48,956	24,456
Clerk	600,000	505,110	(94,890)
Treasurer	270,000	303,493	33,493
Nurse	116,150	22,731	(93,419)
Compactor fees	55,000	62,236	7,236
Work release fees	5,000	5,670	670
Public trustee fees	26,000	56,511	30,511
Miscellaneous fees	41,810	75,723	33,913
Total charges for services	<u>1,138,460</u>	<u>1,083,769</u>	<u>(54,691)</u>
Net investment income	<u>200,500</u>	<u>163,684</u>	<u>(36,816)</u>
Miscellaneous revenue			
DUI insurance	2,500	4,571	2,071
Fair receipts	17,500	22,895	5,395
Other	-	49,199	49,199
Total miscellaneous revenue	<u>20,000</u>	<u>76,665</u>	<u>56,665</u>
Total revenue	<u>\$ 5,457,700</u>	<u>\$ 5,230,650</u>	<u>\$ (227,050)</u>

See the accompanying independent auditors' report

ELBERT COUNTY, COLORADO
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
Year Ended December 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
EXPENDITURES			
General government			
Office of Commissioners	\$ 208,884	\$ 463,997	\$ (255,113)
Clerk of the Board	36,470	36,077	393
County attorney	78,000	62,522	15,478
Clerk and recorder	355,585	357,611	(2,026)
Clerk and recorder-elections	12,700	78,091	(65,391)
County Treasurer	179,000	170,215	8,785
County Assessor	470,001	467,621	2,380
Maintenance of grounds and buildings	304,744	281,209	23,535
Central data processing	96,306	89,978	6,328
Other administration	1,376,639	1,335,977	40,662
Budget/payroll	79,267	104,617	(25,350)
District attorney	428,437	417,678	10,759
Compactor	88,335	83,753	4,582
Total general government	<u>3,714,368</u>	<u>3,949,346</u>	<u>(234,978)</u>
Public safety			
County sheriff	870,450	1,167,190	(296,740)
County jail	702,159	867,950	(165,791)
County coroner	40,624	44,955	(4,331)
Judicial center	73,600	40,938	32,662
Building inspection	188,500	200,169	(11,669)
Land use administration	210,261	190,388	19,873
Planning commission	11,300	6,085	5,215
Total public safety	<u>2,096,894</u>	<u>2,517,675</u>	<u>(420,781)</u>
Public health and welfare	<u>328,031</u>	<u>288,263</u>	<u>39,768</u>
Culture and recreation	<u>129,586</u>	<u>124,654</u>	<u>4,932</u>
Auxiliary services			
Extension office	95,157	82,197	12,960
Veterans office	4,250	1,635	2,615
Total auxiliary services	<u>99,407</u>	<u>83,832</u>	<u>15,575</u>
Total expenditures	<u>\$ 6,368,286</u>	<u>\$ 6,963,770</u>	<u>\$ (595,484)</u>

**ELBERT COUNTY, COLORADO
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET**

December 31, 2002

(With comparative totals for December 31, 2001)

	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Contingency</u>
ASSETS			
Cash with Treasurer	\$ 1,349,787	\$ 286,071	\$ 323,880
Accounts receivable	52,860	26,347	-
Property taxes receivable	2,590,024	399,066	-
Inventory of supplies	282,174	-	-
TOTAL ASSETS	<u>4,274,845</u>	<u>711,484</u>	<u>323,880</u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Warrants payable	530,986	18,878	-
Accounts payable	310,054	-	-
Deferred property tax revenue	2,590,024	399,066	-
Other deferred revenue	-	22,122	-
Total liabilities	<u>3,431,064</u>	<u>440,066</u>	<u>-</u>
 FUND BALANCE			
Reserved	282,174	-	323,880
Unreserved			
Designated for subsequent year's expenditures	293,168	50,392	-
Undesignated	268,439	221,026	-
Total fund balance	<u>843,781</u>	<u>271,418</u>	<u>323,880</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 4,274,845</u>	<u>\$ 711,484</u>	<u>\$ 323,880</u>

See the accompanying independent auditors' report

Library	Retirement	Conservation Trust	Totals	
			2002	2001
\$ 39,104	\$ 76,673	\$ 361,507	\$ 2,437,022	\$ 1,769,395
-	-	-	79,207	125,350
-	150,000	-	3,139,090	3,018,000
-	-	-	282,174	281,559
<u>39,104</u>	<u>226,673</u>	<u>361,507</u>	<u>5,937,493</u>	<u>5,194,304</u>
-	13,700	-	563,564	299,617
-	13,700	-	323,754	81,131
-	150,000	-	3,139,090	3,018,000
-	-	-	22,122	17,926
<u>-</u>	<u>177,400</u>	<u>-</u>	<u>4,048,530</u>	<u>3,416,674</u>
-	-	361,507	967,561	845,095
-	-	-	343,560	266,237
39,104	49,273	-	577,842	666,298
<u>39,104</u>	<u>49,273</u>	<u>361,507</u>	<u>1,888,963</u>	<u>1,777,630</u>
<u>\$ 39,104</u>	<u>\$ 226,673</u>	<u>\$ 361,507</u>	<u>\$ 5,937,493</u>	<u>\$ 5,194,304</u>

ELBERT COUNTY, COLORADO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE

Year Ended December 31, 2002

(With comparative totals for year ended December 31, 2001)

	<u>Road and Bridge</u>	<u>Social Services</u>	<u>Contingency</u>
REVENUE			
Taxes	\$ 3,283,451	\$ 236,660	\$ -
Intergovernmental	2,296,858	434,435	-
Net investment income	9,235	-	-
Miscellaneous	145,548	3,889	-
Total revenue	<u>5,735,092</u>	<u>674,984</u>	<u>-</u>
EXPENDITURES			
General government	-	-	-
Public works	5,890,047	-	-
Public health and welfare	-	577,022	-
Culture and recreation	-	-	-
Debt service	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>5,890,047</u>	<u>577,022</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(154,955)</u>	<u>97,962</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Capital leases	46,595	-	-
Transfers in (out)	-	-	-
Total other financing sources (uses)	<u>46,595</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(108,360)</u>	<u>97,962</u>	<u>-</u>
FUND BALANCE - BEGINNING OF YEAR	<u>952,141</u>	<u>173,456</u>	<u>323,880</u>
FUND BALANCE - END OF YEAR	<u>\$ 843,781</u>	<u>\$ 271,418</u>	<u>\$ 323,880</u>

See the accompanying independent auditors' report

Library	Retirement	Conservation Trust	Totals	
			2002	2001
\$ -	\$ 158,523	\$ -	\$ 3,678,634	\$ 2,634,598
-	-	121,722	2,853,015	2,618,455
-	-	-	9,235	7,144
-	6,220	129	155,786	209,866
-	164,743	121,851	6,696,670	5,470,063
-	164,863	-	164,863	133,367
-	-	-	5,890,047	3,668,067
-	-	-	577,022	547,354
-	-	-	-	1,607
-	-	-	-	740,745
-	-	-	-	313,328
-	164,863	-	6,631,932	5,404,468
-	(120)	121,851	64,738	65,595
-	-	-	46,595	32,490
-	-	-	-	137,790
-	-	-	46,595	170,280
-	(120)	121,851	111,333	235,875
39,104	49,393	239,656	1,777,630	1,541,755
<u>\$ 39,104</u>	<u>\$ 49,273</u>	<u>\$ 361,507</u>	<u>\$ 1,888,963</u>	<u>\$ 1,777,630</u>

ELBERT COUNTY, COLORADO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2002

	Road and Bridge		
	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUE			
Taxes	\$ 3,961,331	\$ 3,283,451	\$ 222,120
Intergovernmental	2,615,822	2,296,858	(318,964)
Net investment income	-	9,235	9,235
Miscellaneous	125,700	145,548	19,848
Total revenue	<u>5,802,853</u>	<u>5,735,092</u>	<u>(67,761)</u>
EXPENDITURES			
General government	-	-	-
Public works	6,051,645	5,890,047	161,598
Public health and welfare	-	-	-
Culture and recreation	-	-	-
Debt service	-	-	-
Total expenditures	<u>6,051,645</u>	<u>5,890,047</u>	<u>161,598</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(248,792)</u>	<u>(154,955)</u>	<u>93,837</u>
OTHER FINANCING SOURCES (USES)			
Capital leases	-	46,595	46,595
Transfers in (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>46,595</u>	<u>46,595</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(248,792)</u>	<u>(108,360)</u>	<u>140,432</u>
FUND BALANCE - BEGINNING OF YEAR	<u>952,141</u>	<u>952,141</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 703,349</u>	<u>\$ 843,781</u>	<u>\$ 140,432</u>

See the accompanying independent auditors' report

Social Services			Contingency		
Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
\$ 238,989	\$ 236,660	\$ (2,329)	\$ -	\$ -	\$ -
261,316	434,435	173,119	-	-	-
-	-	-	-	-	-
250	3,889	3,639	-	-	-
500,555	674,984	174,429	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
518,000	577,022	(59,022)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
518,000	577,022	(59,022)	-	-	-
(17,445)	97,962	115,407	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(17,445)	97,962	115,407	-	-	-
173,456	173,456	-	323,880	323,880	-
\$ 156,011	\$ 271,418	\$ 115,407	\$ 323,880	\$ 323,880	\$ -

(Continued)

ELBERT COUNTY, COLORADO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2002

	Library		
	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUE			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Net investment income	-	-	-
Miscellaneous	-	-	-
Total revenue	-	-	-
EXPENDITURES			
General government	-	-	-
Public works	-	-	-
Public health and welfare	-	-	-
Culture and recreation	-	-	-
Debt service	-	-	-
Total expenditures	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	-	-	-
OTHER FINANCING SOURCES (USES)			
Capital leases	-	-	-
Transfers in (out)	-	-	-
Total other financing sources (uses)	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	-	-	-
FUND BALANCE - BEGINNING OF YEAR	39,104	39,104	-
FUND BALANCE - END OF YEAR	\$ 39,104	\$ 39,104	\$ -

See the accompanying independent auditors' report

Retirement			Conservation Trust		
Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
\$ 152,641	\$ 158,523	\$ 5,882	\$ -	\$ -	\$ -
-	-	-	120,000	121,722	1,722
-	-	-	-	-	-
-	6,220	6,220	-	129	129
<u>152,641</u>	<u>164,743</u>	<u>12,102</u>	<u>120,000</u>	<u>121,851</u>	<u>1,851</u>
140,000	164,863	(24,863)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	100,000	-	100,000
-	-	-	-	-	-
<u>140,000</u>	<u>164,863</u>	<u>(24,863)</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
12,641	(120)	(12,761)	20,000	121,851	101,851
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,641	(120)	(12,761)	20,000	121,851	101,851
49,393	49,393	-	239,656	239,656	-
<u>\$ 62,034</u>	<u>\$ 49,273</u>	<u>\$ (12,761)</u>	<u>\$ 259,656</u>	<u>\$ 361,507</u>	<u>\$ 101,851</u>

(Continued)

ELBERT COUNTY, COLORADO
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2002

	Totals		
	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUE			
Taxes	\$ 3,452,961	\$ 3,678,634	\$ 225,673
Intergovernmental	2,997,138	2,853,015	(144,123)
Net investment income	-	9,235	9,235
Miscellaneous	125,950	155,786	29,836
Total revenue	<u>6,576,049</u>	<u>6,696,670</u>	<u>120,621</u>
EXPENDITURES			
General government	140,000	164,863	(24,863)
Public works	6,051,645	5,890,047	161,598
Public health and welfare	518,000	577,022	(59,022)
Culture and recreation	100,000	-	100,000
Debt service	-	-	-
Total expenditures	<u>6,809,645</u>	<u>6,631,932</u>	<u>177,713</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(233,596)</u>	<u>64,738</u>	<u>298,334</u>
OTHER FINANCING SOURCES (USES)			
Capital leases	-	46,595	46,595
Transfers in (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>46,595</u>	<u>46,595</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(233,596)</u>	<u>111,333</u>	<u>344,929</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,777,630</u>	<u>1,777,630</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,544,034</u>	<u>\$ 1,888,963</u>	<u>\$ 344,929</u>

See the accompanying independent auditors' report

ELBERT COUNTY, COLORADO
SPECIAL REVENUE FUNDS
SOCIAL SERVICES FUND
SCHEDULE OF REVENUE AND EXPENDITURES
Year Ended December 31, 2002

REVENUE

Taxes	
Property taxes	\$ 236,660
Miscellaneous	3,889
	<u>240,549</u>
Intergovernmental	
Administration	62,857
Core Services administration	28,175
LEAP administration	4,328
OAP	3,166
Colorado Works	50,354
Child Care	7,849
Child Welfare	254,010
Title IV-D Incentives: Child support	13,233
IV-E Funds	7,065
Colorado Works Incentives	3,398
Miscellaneous	
Total intergovernmental revenue	<u>434,435</u>
Total revenue	<u>\$ 674,984</u>

EXPENDITURES

Public health and welfare	
Administration	\$ 82,764
Core Services administration	28,387
LEAP administration	4,328
Child Support administration	20,553
Colorado Works administration	67,932
Child Care administration	19,146
Child Welfare administration	339,101
OAP	3,166
Aid to Needy Disabled	864
IV-E Funds	7,065
General Assistance	1,806
Other	1,910
Total public health and welfare expenditures	<u>\$ 577,022</u>

ELBERT COUNTY, COLORADO
SPECIAL REVENUE FUNDS
SOCIAL SERVICES FUND
SCHEDULE OF EBT AUTHORIZATIONS, WARRANT EXPENDITURES AND TOTAL EXPENDITURES
Year Ended December 31, 2002

<u>Program</u>	<u>County EBT Authorizations</u>	<u>County Share of Authorizations</u>	<u>Expenditures by County Warrant</u>	<u>County EBT Authorizations Plus Expenditures by County Warrant</u>	<u>Total Expenditures</u>
Old Age Pension					
Admin	\$ -	\$ -	\$ 3,166	\$ 3,166	\$ 3,166
EBT	43,399	-	-	43,399	-
Total Old Age Pension	43,399	-	3,166	46,565	3,166
LEAP					
Admin/EBT	70,421	-	4,328	74,749	4,328
Colorado Works					
Admin	-	-	56,405	56,405	56,405
EBT	61,227	6,919	-	61,227	6,919
MOE	-	4,608	-	-	4,608
Total Colorado Works	61,227	11,527	56,405	117,632	67,932
Administration					
County	-	-	82,183	82,183	82,183
Non-allocated	-	-	-	-	581
Total Administration	-	-	82,183	82,183	82,764
Child Welfare					
Admin 100%	-	-	40,481	40,481	40,481
Admin 80%	-	-	127,734	127,734	127,734
CHRP	32,882	4,833	-	32,882	4,833
RTC	256,698	10,568	-	256,698	10,568
Case service	-	-	1,663	1,663	1,663
Out of home	274,059	62,467	-	274,059	62,467
Child care	-	-	141	141	141
Sub-Adopt	5,540	1,108	-	5,540	1,108
TANF Transfer	-	-	91,768	91,768	91,768
Total Child Welfare	569,179	78,976	261,787	830,966	340,763
Core Services	-	-	28,387	28,387	28,387
Aid to Needy Disabled	4,322	864	-	4,322	864
Child Support					
Admin	-	-	20,553	20,553	20,553
Child Care					
Admin	-	-	9,811	9,811	9,811
EBT/MOE	88,942	9,335	-	88,942	9,335
Total Child Care	88,942	9,335	9,811	98,753	19,146
Home Care Assistance	4,944	247	-	4,944	247
Food Assistance	292,184	-	-	292,184	-
Other	-	-	8,872	8,872	8,872
Total	<u>\$ 1,134,618</u>	<u>\$ 100,949</u>	<u>\$ 475,492</u>	<u>\$ 1,610,110</u>	<u>\$ 577,022</u>

ELBERT COUNTY, COLORADO
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
December 31, 2002
(With comparative totals for December 31, 2001)

	Capital Improvement	Amanda Pines Estates Construction	Chaparral Valley Construction	Rolling Hills Construction	Totals	
					2002	2001
ASSETS						
Cash with treasurer	\$ 92,077	\$ 21,835	\$ 12,727	\$ 30,660	\$ 157,299	\$ 630,260
Property taxes receivable	-	-	-	-	-	306,000
TOTAL ASSETS	<u>92,077</u>	<u>21,835</u>	<u>12,727</u>	<u>30,660</u>	<u>157,299</u>	<u>936,260</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Deferred property tax revenue	-	-	-	-	-	306,000
Total liabilities	-	-	-	-	-	306,000
FUND BALANCE						
Reserved	92,077	21,835	12,727	30,660	157,299	630,260
Total fund balance	<u>92,077</u>	<u>21,835</u>	<u>12,727</u>	<u>30,660</u>	<u>157,299</u>	<u>630,260</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 92,077</u>	<u>\$ 21,835</u>	<u>\$ 12,727</u>	<u>\$ 30,660</u>	<u>\$ 157,299</u>	<u>\$ 936,260</u>

ELBERT COUNTY, COLORADO
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
Year Ended December 31, 2002
(With comparative totals for year ended December 31, 2001)

	Capital Improvements	Amanda Pines Estates Construction	Chaparral Valley Construction	Rolling Hills Construction	Totals	
					2002	2001
REVENUE						
Taxes	\$ 315,864	\$ 29,149	\$ 12,727	\$ -	\$ 357,740	\$ 532,259
Miscellaneous	1,110	-	-	48,041	49,151	
Total revenue	<u>316,974</u>	<u>29,149</u>	<u>12,727</u>	<u>48,041</u>	<u>406,891</u>	<u>532,259</u>
EXPENDITURES						
Public works	233,988	12,757	-	169,380	416,125	550,670
Debt service	615,726	-	-	-	615,726	
Total expenditures	<u>849,714</u>	<u>12,757</u>	<u>-</u>	<u>169,380</u>	<u>1,031,851</u>	<u>550,670</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(532,740)</u>	<u>16,392</u>	<u>12,727</u>	<u>(121,339)</u>	<u>(624,960)</u>	<u>(18,411)</u>
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	175,000	175,000	215,000
Bond issuance costs	-	-	-	(23,001)	(23,001)	(45,229)
Transfers in (out)	-	-	-	-	-	70,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>151,999</u>	<u>151,999</u>	<u>239,771</u>
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(532,740)</u>	<u>16,392</u>	<u>12,727</u>	<u>30,660</u>	<u>(472,961)</u>	<u>221,360</u>
FUND BALANCE - BEGINNING OF YEAR	<u>624,817</u>	<u>5,443</u>	<u>-</u>	<u>-</u>	<u>630,260</u>	<u>408,900</u>
FUND BALANCE - END OF YEAR	<u>\$ 92,077</u>	<u>\$ 21,835</u>	<u>\$ 12,727</u>	<u>\$ 30,660</u>	<u>\$ 157,299</u>	<u>\$ 630,260</u>

See the accompanying independent auditors' report

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ELBERT COUNTY, COLORADO
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2002

	Capital Improvements		
	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUE			
Taxes	\$ 308,460	\$ 315,864	\$ 7,404
Miscellaneous	-	1,110	1,110
Total revenue	<u>308,460</u>	<u>316,974</u>	<u>8,514</u>
EXPENDITURES			
Public works	224,500	233,988	(9,488)
Debt service	-	615,726	(615,726)
Total expenditures	<u>224,500</u>	<u>849,714</u>	<u>(625,214)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>83,960</u>	<u>(532,740)</u>	<u>(616,700)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds	-	-	-
Bond issuance fees	-	-	-
Transfers in (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>83,960</u>	<u>(532,740)</u>	<u>(616,700)</u>
FUND BALANCE - BEGINNING OF YEAR	<u>624,817</u>	<u>624,817</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 708,777</u>	<u>\$ 92,077</u>	<u>\$ (616,700)</u>

See the accompanying independent auditors' report

Amanda Pines Estates Construction			Chaparral Valley Construction		
Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
\$ 32,320	\$ 29,149	\$ (3,171)	\$ -	\$ 12,727	\$ 12,727
-	-	-	-	-	-
32,320	29,149	(3,171)	-	12,727	12,727
-	12,757	(12,757)	-	-	-
48,320	-	48,320	-	-	-
48,320	12,757	35,563	-	-	-
(16,000)	16,392	32,392	-	12,727	12,727
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(16,000)	16,392	32,392	-	12,727	12,727
5,443	5,443	-	-	-	-
\$ (10,557)	\$ 21,835	\$ 32,392	\$ -	\$ 12,727	\$ 12,727

(Continued)

ELBERT COUNTY, COLORADO
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2002

	Rolling Hills Construction		
	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUE			
Taxes	\$ -	\$ -	\$ -
Miscellaneous	-	48,041	48,041
Total revenue	-	48,041	48,041
EXPENDITURES			
Public works	188,336	169,380	18,956
Debt service	-	-	-
Total expenditures	188,336	169,380	18,956
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(188,336)	(121,339)	66,997
OTHER FINANCING SOURCES (USES)			
Bond proceeds	207,336	175,000	(32,336)
Bond issuance fees	(19,000)	(23,001)	(4,001)
Transfers in (out)	-	-	-
Total other financing sources (uses)	188,336	151,999	(36,337)
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	-	30,660	30,660
FUND BALANCE - BEGINNING OF YEAR	-	-	-
FUND BALANCE - END OF YEAR	\$ -	\$ 30,660	\$ 30,660

See the accompanying independent auditors' report

Totals		
Budget	Actual	Variance- Favorable (Unfavorable)
\$ 340,780	\$ 357,740	\$ 16,960
-	49,151	49,151
<u>340,780</u>	<u>406,891</u>	<u>66,111</u>
224,500	416,125	(191,625)
48,320	615,726	(567,406)
<u>272,820</u>	<u>1,031,851</u>	<u>(759,031)</u>
<u>67,960</u>	<u>(624,960)</u>	<u>(692,920)</u>
-	175,000	175,000
-	(23,001)	(23,001)
-	-	-
<u>-</u>	<u>151,999</u>	<u>151,999</u>
67,960	(472,961)	(540,921)
<u>630,260</u>	<u>630,260</u>	<u>-</u>
<u>\$ 698,220</u>	<u>\$ 157,299</u>	<u>\$ (540,921)</u>

ELBERT COUNTY, COLORADO
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
December 31, 2002
(With comparative totals for December 31, 2001)

	Expendable Trust	
	Fund	
	Impact	
	Assistance	RETAC
ASSETS		
Cash	\$ 772,562	\$ 25,074
	<u>772,562</u>	<u>25,074</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	26,402	-
Due to other governments	-	-
Other liabilities	-	-
Escrow deposits held by public trustee	-	-
Total liabilities	<u>26,402</u>	<u>-</u>
FUND BALANCE		
Designated for subsequent year's expenditures	197,000	
Unreserved - Undesignated	549,160	25,074
Total fund balance	<u>746,160</u>	<u>25,074</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 772,562</u>	<u>\$ 25,074</u>

See the accompanying independent auditors' report

Agency Funds		Totals	
Treasurer's	Public Trustee	2002	2001
\$ 922,546	\$ 103,460	\$ 1,823,642	\$ 1,489,481
922,546	103,460	1,823,642	1,489,481
-	-	26,402	26,403
849,049	-	849,049	719,037
73,497	-	73,497	69,121
-	103,460	103,460	80,047
922,546	103,460	1,052,408	894,608
-	-	197,000	256,000
-	-	574,234	338,873
-	-	771,234	594,873
\$ 922,546	\$ 103,460	\$ 1,823,642	\$ 1,489,481

ELBERT COUNTY, COLORADO
FIDUCIARY FUNDS
Expendable Trust Funds
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
Year Ended December 31, 2002
(With comparative totals for year ended December 31, 2001)

	<u>Impact Assistance</u>	<u>RETAC</u>	<u>Totals</u>	<u>2002</u>	<u>2001</u>
REVENUE					
Charges for service	\$ 151,287	\$ 65,596	\$ 216,883	\$ 76,459	
Net investment income	-	-	-	31,007	
Total revenue	<u>151,287</u>	<u>65,596</u>	<u>216,883</u>	<u>107,466</u>	
EXPENDITURES					
		-	-		
Public works	-	40,522	40,522	-	
Total expenditures	<u>-</u>	<u>40,522</u>	<u>40,522</u>	<u>-</u>	
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>151,287</u>	<u>25,074</u>	<u>176,361</u>	<u>107,466</u>	
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	-	-	-	(207,790)	
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(207,790)</u>	
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES	151,287	25,074	176,361	(100,324)	
FUND BALANCE - BEGINNING OF YEAR	<u>594,873</u>	<u>-</u>	<u>594,873</u>	<u>695,197</u>	
FUND BALANCE - END OF YEAR	<u>\$ 746,160</u>	<u>\$ 25,074</u>	<u>\$ 771,234</u>	<u>\$ 594,873</u>	

See the accompanying independent auditors' report

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ELBERT COUNTY, COLORADO
FIDUCIARY FUNDS
Expendable Trust Funds
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
Year Ended December 31, 2002
(With comparative totals for year ended December 31, 2001)

	Impact Assistance		
	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUE			
Charges for service	\$ 75,000	\$ 151,287	\$ 76,287
Net investment income	-	-	-
Total revenue	<u>75,000</u>	<u>151,287</u>	<u>76,287</u>
EXPENDITURES			
Public works	131,000	-	131,000
Total expenditures	<u>131,000</u>	<u>-</u>	<u>131,000</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(56,000)</u>	<u>151,287</u>	<u>207,287</u>
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	(200,000)	-	200,000
Total other financing sources	<u>(200,000)</u>	<u>-</u>	<u>200,000</u>
EXCESS OF REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES	<u>(256,000)</u>	<u>151,287</u>	<u>407,287</u>
FUND BALANCE - BEGINNING OF YEAR	<u>594,873</u>	<u>594,873</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 338,873</u>	<u>\$ 746,160</u>	<u>\$ 407,287</u>

See the accompanying independent auditors' report

RETAC			TOTALS		
<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
\$ 64,799	\$ 65,596	\$ 797	\$ 139,799	\$ 216,883	\$ 77,084
-	-	-	-	-	-
<u>64,799</u>	<u>65,596</u>	<u>797</u>	<u>139,799</u>	<u>216,883</u>	<u>77,084</u>
64,799	40,522	24,277	195,799	40,522	155,277
<u>64,799</u>	<u>40,522</u>	<u>24,277</u>	<u>195,799</u>	<u>40,522</u>	<u>155,277</u>
-	25,074	25,074	(56,000)	176,361	232,361
-	-	-	(200,000)	-	200,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>200,000</u>
-	25,074	25,074	(256,000)	176,361	432,361
-	-	-	594,873	594,873	-
<u>\$ -</u>	<u>\$ 25,074</u>	<u>\$ 25,074</u>	<u>\$ 338,873</u>	<u>\$ 771,234</u>	<u>\$ 432,361</u>

ELBERT COUNTY, COLORADO
FIDUCIARY FUNDS
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year Ended December 31, 2002

	Balance January 1, 2002	Additions	Deletions	Balance December 31, 2002
ASSETS				
Cash - Treasurer	\$ 757,513	\$ 20,235,404	\$(20,070,371)	\$ 922,546
Cash - Public trustee	80,047	2,203,032	(2,179,619)	103,460
	<u>837,560</u>	<u>22,438,436</u>	<u>(22,249,990)</u>	<u>1,026,006</u>
LIABILITIES				
Due to other governments	688,392	20,227,028	(20,066,371)	849,049
Other	69,121	8,376	(4,000)	73,497
Escrow deposits held by public trustees	80,047	2,203,032	(2,179,619)	103,460
TOTAL LIABILITIES	<u>\$ 837,560</u>	<u>\$ 22,438,436</u>	<u>\$(22,249,990)</u>	<u>\$ 1,026,006</u>

See the accompanying independent auditors' report

**REPORTS REQUIRED BY
THE SINGLE AUDIT ACT AMENDMENTS OF 1996**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

ELBERT COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2002

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA No.</u>	<u>Expenditures</u>
U.S. Department of Agriculture		
Passed through Colorado Department of Human Services		
Food Stamps	10.551	\$ 293,235
Food Assistance Administration	10.561	13,032
Total U.S. Department of Agriculture		<u>306,267</u>
U.S. Department of Health and Human Services		
Passed through Colorado Department of Human Services		
Temporary Assistance for Needy Families (TANF)	93.558	99,728
Title IV-D-Child Support Enforcement	93.563	13,523
Title XIX - Medical Assistance Program	93.778	157,705
Low Income Home Energy Assistance	93.568	74,749
Child Care and Development Fund	93.596	34,019
Child Care and Development Fund - Discretionary	93.575	32,634
Title IV-B-Child Welfare Services	93.645	11,931
Title IV-E-Foster Care	93.658	51,825
Title XX - Social Services Block Grant	93.667	146,639
Title IV-E - Adoption	93.659	10,158
Passed through Colorado Department of Public Health		
Maternal and Child Health Services	93.994	1,084
Title XIX - Medical Assistance Program	93.778	3,012
Childhood Immunization-Non Cash	93.268	14,281
Childhood Immunization-Cash	93.268	3,303
Family Planning Services	93.217	22,373
Total U.S. Department of Health and Human Services		<u>676,964</u>
U.S. Environmental Protection Agency		
Passed through the Colorado Department of Public Health		
Air Pollution Control	66.606	5,473
Performance Partnership	66.605	1,830
		<u>7,303</u>
Federal Emergency Management Agency		
Passed through the Colorado Department of Local Affairs		
Emergency Management Performance Grant	83.552	<u>25,592</u>
Total Federal Financial Assistance		<u>\$ 1,016,126</u>

ELBERT COUNTY, COLORADO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2002

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Elbert County, Colorado and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

NOTE 2 - ELECTRONIC BENEFIT TRANSFERS

Elbert County is using the State of Colorado electronic benefit transfer system. Benefits received by participants in the food stamp and TANF programs are electronically made to the participants using an EBT card by the Colorado Department of Human Services. No funds are received by the County. The Schedule of Expenditures of Federal Awards reflects the participants benefits, based upon information provided to the County, by the Colorado Department of Human Services.

NOTE 3 - SUBRECIPIENTS

No Federal Awards were passed through to subrecipients for the year ended December 31, 2002.



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Board of County Commissioners
Elbert County, Colorado

**Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of General-Purpose Financial Statements
Performed in Accordance with Government Auditing Standards**

We have audited the financial statements of Elbert County, Colorado, as of and for the year ended December 31, 2002, and have issued our report thereon dated August 15, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Elbert County, Colorado's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Elbert County, Colorado's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions.



**Board of County Commissioners
Elbert County, Colorado**

Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Elbert County Colorado's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as 02-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness. We also noted other matters involving internal control over financial reporting that we have reported to the management of Elbert County, Colorado in a separate letter dated August 15, 2003.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

August 15, 2003


BONDI & Co. LLP



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Board of County Commissioners
Elbert County, Colorado

**Report on Compliance with Requirements Applicable to Each
Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133**

Compliance

We have audited the compliance of Elbert County, Colorado, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2002. Elbert County, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of Elbert County, Colorado's management. Our responsibility is to express an opinion on Elbert County, Colorado's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Elbert County, Colorado's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Elbert County, Colorado's compliance with those requirements.



Affiliate Offices Worldwide

**Board of County Commissioners
Elbert County, Colorado**

In our opinion, Elbert County, Colorado complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2002.

Internal Control Over Compliance

The management of Elbert County, Colorado is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Elbert County, Colorado's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

August 15, 2003


BONDI & Co. LLP

ELBERT COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2002

Section I - Summary of Auditors' Results

Financial Statements

- (i) **An unqualified opinion was issued on Elbert County, Colorado's general-purpose financial statements.**
- (ii) **The audit disclosed no instances of noncompliance that are identified as a material weakness.**
- (iii) **The audit disclosed one instance of noncompliance that are identified as a reportable condition.**
- (iv) **The audit disclosed no instances of noncompliance that are material to the general-purpose financial statements of Elbert County, Colorado.**

Federal Awards

- (i) **The audit disclosed no instances of noncompliance that are identified as a material weakness over Elbert County, Colorado's major federal programs.**
- (ii) **The audit disclosed no instances of noncompliance that are identified as a reportable condition over Elbert County, Colorado's major federal programs.**
- (iii) **The independent auditors' report on compliance for the major federal award programs of Elbert County, Colorado expresses an unqualified opinion.**
- (iv) **No audit findings relative to the major federal award programs for Elbert County, Colorado were required to be reported in accordance with Section 510(a) of Office of Management and Budget Circular A-133.**

Major Programs/Other Information

- (i) **Major federal programs of Elbert County, Colorado. (1) 10.551 Food Assistance, 93.778 Medicaid, and 93.667 Title XX Block Grant.**
- (ii) **The dollar threshold used to distinguish between Type A and Type B programs: \$300,000.**
- (iii) **Elbert County, Colorado did not qualify as a low risk auditee.**

ELBERT COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2002

Section II - Financial Statement Findings

Finding 02-01

Elbert County does not have a system in place to accumulate all amounts of federal financial assistance received. As a result, the schedule of federal financial assistance for the year ended December 31, 2002 may not be complete.

ELBERT COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended December 31, 2002

Section III - Federal Award Findings and Questioned Costs

There were no findings or questioned costs for Federal Awards administered by Elbert County, Colorado that are required to be reported under the Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

ELBERT COUNTY, COLORADO

SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended December 31, 2002

In the December 31, 2001 financial statements contained the following finding “We noted that the County has not appointed personnel sufficiently knowledgeable with County grant activity to compile the Schedule of Expenditures of Federal Awards in accordance with OMB circular A-133.

Auditor Comments:

This finding was repeated in this year’s report as finding 02-01.

OTHER SCHEDULES

ELBERT COUNTY, COLORADO
SCHEDULE OF CAPITAL LEASE DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2002

Principal and Interest Due in the Year Ending December 31,	\$46,595 Capital Lease Dated April 5, 2002 with Principal and Interest of 4.00% Due Annually on April 5		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$ 14,926	\$ 1,864	\$ 16,790
2004	15,523	1,267	16,790
2005	<u>16,146</u>	<u>646</u>	<u>16,792</u>
Totals	<u>\$ 46,595</u>	<u>\$ 3,777</u>	<u>\$ 50,372</u>

See the accompanying independent auditors' report

\$364,800 Capital Lease Dated February 15, 2000 with Principal and Interest of 6.30% Due Quarterly on February 15, May 15 August 15 and November 15			\$247,523 Capital Lease Dated April 10, 2000 with Principal and Interest of 5.25% Due Quarterly on January 10, April 10, July 10 and October 10		
<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$ 76,164	\$ 8,130	\$ 84,294	\$ 38,211	\$ 4,199	\$ 42,410
81,077	3,217	84,294	53,330	3,217	56,547
-	-	-	27,726	547	28,273
<u>\$ 157,241</u>	<u>\$ 11,347</u>	<u>\$ 168,588</u>	<u>\$ 119,267</u>	<u>\$ 7,963</u>	<u>\$ 127,230</u>

(Continued)

ELBERT COUNTY, COLORADO
SCHEDULE OF CAPITAL LEASE DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2002
(Continued)

Principal and Interest Due in the Year Ending December 31,	<p style="text-align: center;">\$364,800 Capital Lease Dated May 10, 2000 with Principal and Interest of 6.30% Due Quarterly on February 10, May 10, August 10 and November 10</p>		
	Principal	Interest	Total
2003	\$ 74,983	\$ 9,311	\$ 84,294
2004	79,819	4,475	84,294
2005	20,746	327	21,073
Totals	<u>\$ 175,548</u>	<u>\$ 14,113</u>	<u>\$ 189,661</u>

See the accompanying independent auditors' report

**\$173,850 Capital Lease
Dated September 10, 2000
with Principal and Interest of 5.75%
Due Quarterly on March 10, June 10,
September 10 and December 10**

<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$ 44,605	\$ 1,161	\$ 45,766
34,000	324	34,324
-	-	-
<u>\$ 78,605</u>	<u>\$ 1,485</u>	<u>\$ 80,090</u>

**\$187,250
Capital Lease Dated September 20, 2000
with Principal and Interest of 5.75%
Due Quarterly on March 20, June 20,
September 20 and December 20**

<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$ 50,928	\$ 1,087	\$ 52,015
25,822	185	26,007
-	-	-
<u>\$ 76,750</u>	<u>\$ 1,272</u>	<u>\$ 78,022</u>

(Continued)

ELBERT COUNTY, COLORADO
SCHEDULE OF CAPITAL LEASE DEBT SERVICE REQUIREMENTS TO MATURITY
December 31, 2002
(Continued)

Principal and Interest Due in the Year Ending December 31,	<p style="text-align: center;">\$107,729 Capital Lease Dated November 28, 2000 with Principal and Interest of 5.30% Due Quarterly on February 28, May 28, August 28 and November 28</p>		
	Principal	Interest	Total
2003	\$ 21,486	\$ 3,182	\$ 24,668
2004	22,648	2,020	24,668
2005	23,872	796	24,668
Totals	<u>\$ 68,006</u>	<u>\$ 5,998</u>	<u>\$ 74,004</u>

See the accompanying independent auditors' report

\$32,490
Capital Lease Dated May 25, 2001
with Principal and Interest of 5.75%
Due Semiannually
on May 25 and November 25

<u>Principal</u>	<u>Interest</u>	<u>Total</u>
\$ 11,539	\$ 82	\$ 11,621
-	-	-
-	-	-
<u>\$ 11,539</u>	<u>\$ 82</u>	<u>\$ 11,621</u>

<u>Principal</u>	<u>Total Interest</u>	<u>Total</u>
\$ 332,842	\$ 29,016	\$ 361,858
312,219	14,705	326,924
88,490	2,316	90,806
<u>\$ 733,551</u>	<u>\$ 46,037</u>	<u>\$ 779,588</u>

LOCAL HIGHWAY FINANCE REPORT		City or County: Elbert	
		YEAR ENDING : December 2001	
This Information From The Records Of (example - City of _ or County of Elbert)		Prepared By: Marilyn Sproch Phone: 719-541-2268	

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE				
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES		DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1063646
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2441002
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	61307
2. General fund appropriations		b. Snow and ice removal	112685
3. Other local imposts (from page 2)	2328723	c. Other	100035
4. Miscellaneous local receipts (from page 2)	358751	d. Total (a. through c.)	274027
5. Transfers from toll facilities		4. General administration & miscellaneous	656981
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	4709683
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	2687474	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2110701	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	
E. Total receipts (A.7 + B + C + D)	4798175	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	4709683

IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0
Notes and Comments:				

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado YEAR ENDING (mm/yy): December 2001	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	1,898,347	a. Interest on investments	
b. Other local imposts:		b. Other	217,396
1. Sales Taxes		c. Transfers	137,790
2. Excise Taxes		d. Capital Credits	
3. Specific Ownership Tax	430,376	e. Sale of Assets	3,565
4. Motor Vehicle Registration		f. Fees/Licenses/Permits	
5. From Cities/Counties		g. Service Performed	
6. Total (1. through 5.)	430,376	h. Refunds of Expenditures	
c. Total (a. + b.)	2,328,723	i. Total (a. through h.)	358,751
(Carry forward to page 1)		(Carry forward to page 1)	
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	1780584	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registration	105797	d. Mineral Leasing	
d. Grants	224320	e. Pay Lieu of Tax	
e. (Specify)		f. Other Federal	
f. Total (a. through e.)		g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	2110701	3. Total (1. + 2.g)	
(Carry forward to page 1)		(Carry forward to page 1)	
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		0	0
c. Construction:			
(1). Capacity Improvements		29,400	29,400
(2). System Preservation		1,019,784	1,019,784
(3). Safety And Other		14,462	14,462
(4). Total Construction (1)+(2)+(3)	0	1,063,646	1,063,646
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	0	1,063,646	1,063,646
(Carry forward to page 1)		(Carry forward to page 1)	
Notes and Comments:			